

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

FINANCIAL HIGHLIGHTS SEPTEMBER 30, 2004

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS

September 30, 2004

Balance Sheet:

Due from Credit Unions — of \$168.2 million represents the amount of one percent deposit adjustments due from credit unions on October 18, 2004.

Cash — includes \$3.0 million in collections on one percent deposit adjustments received after the overnight investment was made on September 30, 2004.

Interest Receivable — net increase of \$11.0 million is due to a combination of \$16.9 million in accrued interest earned in September, and payments of \$5.9 million received by the NCUSIF in September.

Prepaid & Deferred Charges — is \$.4 million for September. \$7.5 million was transferred to the operating fund to cover 59.8% of the agency's operating costs. September's actual operating costs were \$7.1 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

CU Contributed Capital — increased a net of \$170.7 million due to credit union one percent deposit adjustments for those credit unions with assets \$50 million or over as of June 30, 2004.

NCUSIF Equity — increased to 1.28% for September due to an increase in contributed capital. The equity ratio is based upon an insured share base of \$497.0 billion for June 30, 2004.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$7.2 million includes \$106.7 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$.7 million for September. This increase is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
SEPTEMBER 30, 2004

ASSETS	SEPTEMBER 2003	AUGUST 2004	SEPTEMBER 2004
Investments:			
U.S. Government Securities	\$5,835,047,449.12	\$6,168,645,181.62	\$6,164,709,542.08
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	214,588,594.00	20,151.11	168,208,481.45
Loans due to NCUSIF	1,711,419.24	4,495,917.94	4,495,917.94
Recoveries from Liq. CU	15,229,147.75	14,899,803.65	13,133,710.31
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Total Other Receivables	231,529,160.99	19,415,872.70	185,838,109.70
Cash	6,088,175.58	2,505,572.47	2,984,909.22
Interest Receivable	57,268,666.13	45,399,799.11	56,434,629.14
Prepaid & Deferred Charges	696,176.39	1,669,018.53	443,782.28
Leased Assets	956,379.71	654,773.35	620,217.77
Other	26,818,750.74	25,592,258.05	25,480,413.26
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TOTAL ASSETS	\$6,158,404,758.66	\$6,263,882,475.83	\$6,436,511,603.45
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$12,259,940.35	\$9,423,490.26	\$9,037,175.09
Other	16,097.84	0.00	0.00
Check Clearing Accounts	487.44	1,862.96	26,190.91
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	12,276,525.63	9,425,353.22	9,063,366.00
Provision for CU Losses (Reserves)	66,809,414.61	88,781,924.74	88,596,849.50
Lease Liabilities	1,037,991.96	627,377.08	628,284.43
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TOTAL LIABILITIES	\$80,123,932.20	\$98,834,655.04	\$98,288,499.93 1/
EQUITY			
CU Contributed Capital	\$4,704,447,037.73	\$4,775,121,433.36	\$4,945,791,839.22
Retained Earnings	1,373,833,788.73	1,389,926,387.43	1,392,431,264.30
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TOTAL EQUITY	\$6,078,280,826.46	\$6,165,047,820.79	\$6,338,223,103.52
TOTAL LIABILITIES & EQUITY	\$6,158,404,758.66	\$6,263,882,475.83	\$6,436,511,603.45
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending September 30, 2004

	SEP 03	AUG 04	SEP 04
1/ Does not include unreserved contingent liabilities of \$0 in asset guarantees, and \$117 thousand in outstanding line of credit guarantees.			
1. Investments/Total Assets	94.75%	98.15%	95.78%
2. Total Equity/Insured Shares	1.28%	1.24%	1.28%
3. Prov. for Losses/CU Capital	1.42%	1.86%	1.79%
4. Non-Earning/Total Assets	4.88%	1.11%	3.83%
5. Available Asset Ratio	1.22%	1.21%	1.22%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING SEPTEMBER 30, 2004

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2004	CY TO DATE BUDGETED 2004	CY TO DATE 2003
Investment Income	\$10,296,942.69	\$10,500,000.00	\$92,432,711.22	\$94,500,000.00	\$119,117,919.81
Other Income	40,046.02	40,000.00	388,647.56	360,000.00	633,956.71
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Total Income	10,336,988.71	10,540,000.00	92,821,358.78	94,860,000.00	119,751,876.52
EXPENSE					
Employee Pay	4,080,303.17	4,444,275.97	\$36,736,920.84	39,601,785.34	39,074,452.17
Employee Benefits	1,018,261.10	1,135,856.87	\$9,227,901.18	10,126,325.35	9,266,761.60
Employee Travel	653,806.60	672,360.08	\$4,789,919.29	6,051,240.70	4,511,876.23
Rent/Communications/Utilities	249,627.10	221,527.24	\$1,952,167.90	1,993,745.19	1,837,135.57
Administrative Costs	539,904.85	630,663.33	\$4,071,747.75	5,675,969.93	3,692,840.67
Contracted Services	514,314.90	407,798.61	\$2,364,935.06	3,670,187.46	1,948,331.92
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Subtotal NCUA Operating Exp.	7,056,217.72	7,512,482.10	59,143,592.02	67,119,253.97	60,331,398.16
AMAC Expense	338.17	15,000.00	30,832.41	135,000.00	26,943.46
Training Expense	67,695.01	110,000.00	632,993.47	990,000.00	940,858.00
Leasing Expense	35,462.93	35,250.00	319,828.92	317,250.00	445,991.32
Other Insurance Expense	3,223.81	3,500.00	27,194.07	31,500.00	138,560.65
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Total Operating Exp.	7,162,937.64	7,676,232.10	60,154,440.89	68,593,003.97	61,883,751.59
Insurance Loss	669,174.20	1,250,000.00	9,029,807.22	11,250,000.00	23,961,468.73
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Total Expense	7,832,111.84	8,926,232.10	69,184,248.11	79,843,003.97	85,845,220.32
NET INCOME	\$2,504,876.87	\$1,613,767.90	\$23,637,110.67	\$15,016,996.03	\$33,906,656.20
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Retained Earnings, Beginning of Year			\$1,368,794,153.63		\$1,339,927,132.53
Prior Year Adjustment			0.00		0.00
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As Restated			1,368,794,153.63		1,339,927,132.53
Net Income			23,637,110.67		33,906,656.20
			-----		-----
			1,392,431,264.30		1,373,833,788.73
Dividends			0.00		0.00
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Retained Earnings, End of Year			\$1,392,431,264.30		\$1,373,833,788.73
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Comparative Analysis of NCUSIF Ratios for September 30, 2004

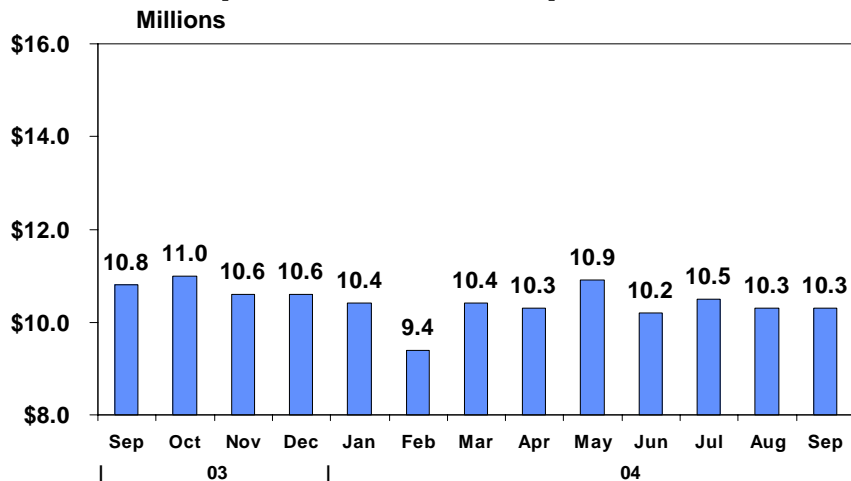
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	67.40%	69.29%	51.68%	64.81%
2. Ins. Loss/Total Income	-25.63%	6.47%	20.01%	9.73%
3. Total Exp./Total Income	41.77%	75.77%	71.69%	74.53%
4. Net Income/Total Income	58.23%	24.23%	28.31%	25.47%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.01%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
September 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$81,759,087.99
Other income received	(2,395,851.14)
Cash paid for operating expenses	(62,269,957.48)
Net cash (paid) received for insurance losses	<u>1,482,161.50</u>
Net cash provided by operating activities	18,575,440.87
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(90,469,605.37)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>1,006,603.11</u>
Net cash provided by (used in) investing activities	(89,463,002.26)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	73,866,853.15
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	73,866,853.15
NET INCREASE (DECREASE) IN CASH	2,979,291.76
CASH, BEGINNING OF YEAR	5,617.46
CASH, ENDING SEPTEMBER 30, 2004	<u>\$2,984,909.22</u>

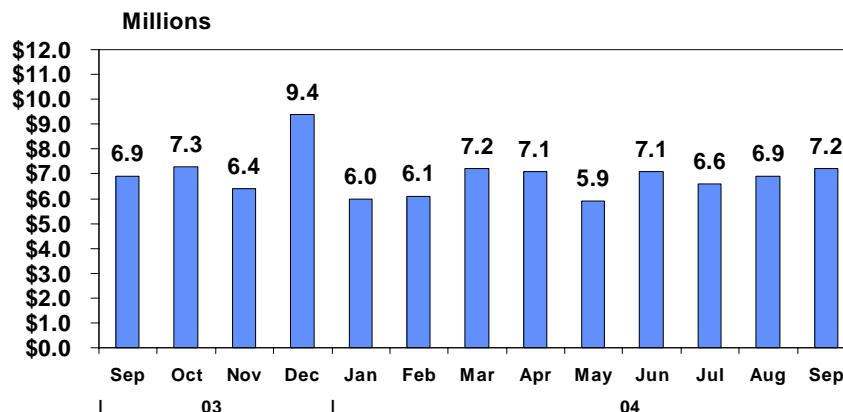
GROSS INCOME

September 03 – September 04



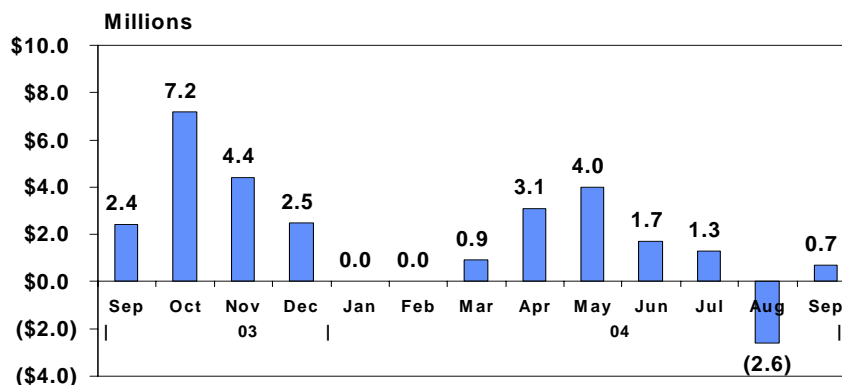
OPERATING EXPENSE

September 03 – September 04



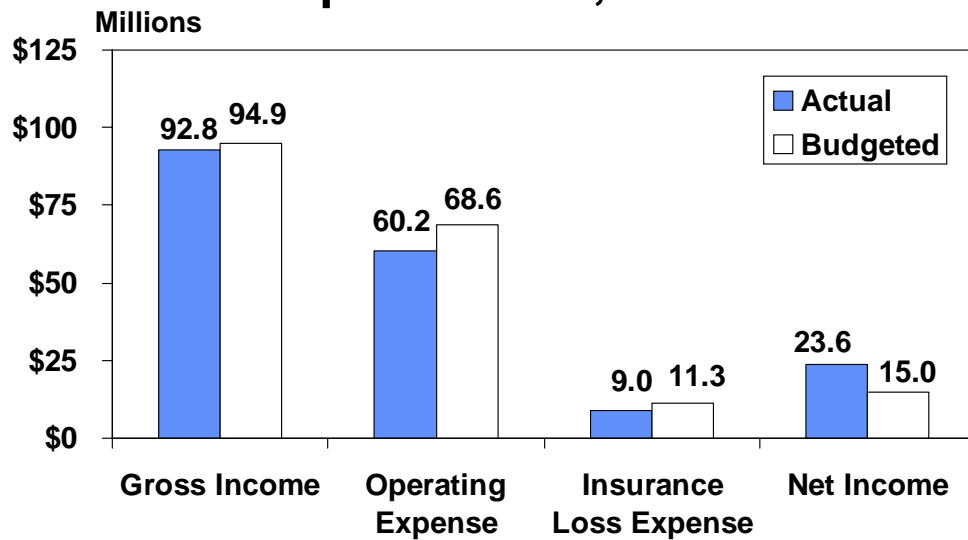
INSURANCE LOSS EXPENSE

September 03 – September 04



REVENUE AND EXPENSE

September 30, 2004



NCUSIF EQUITY RATIO

September 30, 2004

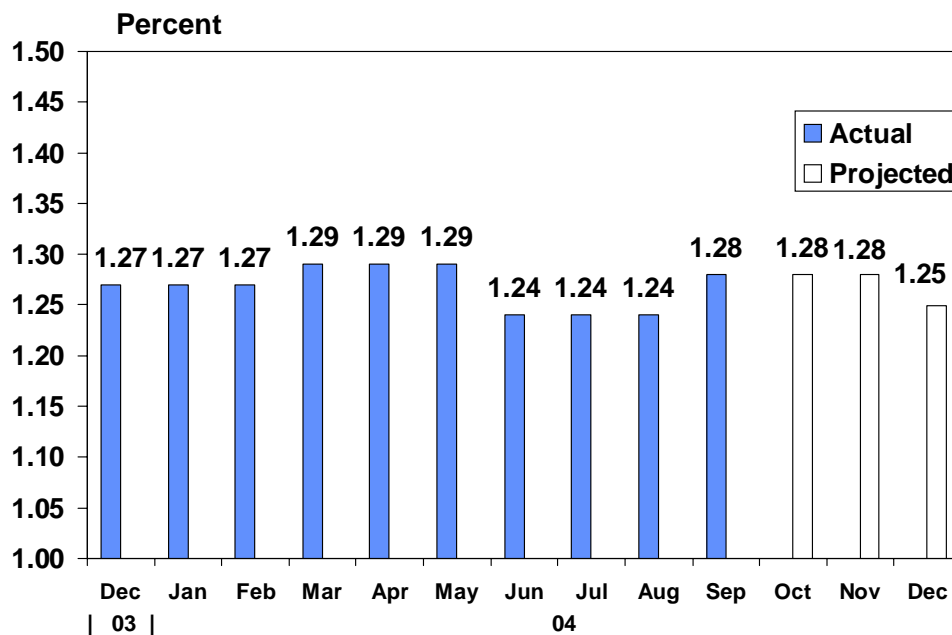
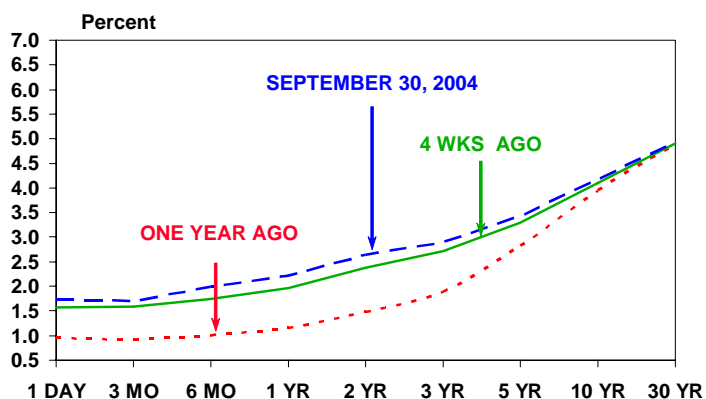


TABLE 4

INVESTMENT PORTFOLIO SUMMARYSEPTEMBER 30, 2004

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$859,285,000	\$859,285,000	\$0	100.0%	1.60%
U.S. Treasury Notes	\$5,305,424,542	\$5,285,531,250	(\$19,893,292)	99.6%	2.10%
TOTAL	\$6,164,709,542	\$6,144,816,250	(\$19,893,292)	99.7%	2.05%
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY04 Projections	
Investment Yield	1.92%	2.00%	1.97%	2.00%	
Investment Income	\$10,213,309	\$10,296,943	\$92,432,711	126 Million	
Income Budgeted	\$10,500,000	\$10,500,000	\$94,500,000	126 Million	
Income/Budgeted Ratio	97.3%	98.1%	97.8%	100.00%	
Avg. Maturity in Days	484	476	457		
III. MONTHLY ACTIVITY					
Purchase	Type	Amount	Maturity	Yield	
TOTAL		\$0			
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	1,659.3				
3 months - 1 year	1,500.0				
1 year - 2 years	1,700.0				
2 years - 3 years	900.0				
3 years - 4 years	300.0				
TOTAL	6,059.3				

TREASURY YIELD CURVE



MATURITY SCHEDULE

September 30, 2004

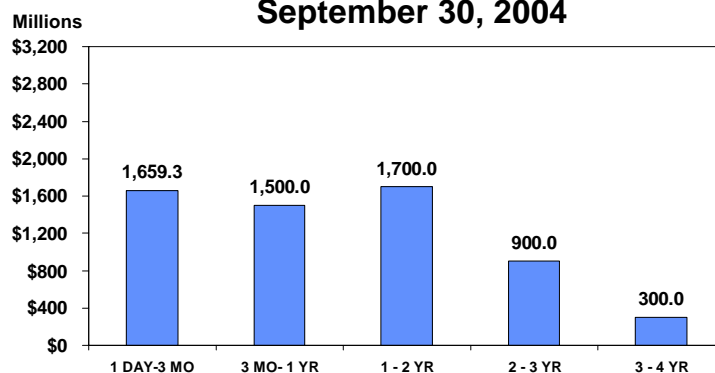


TABLE 5

INTEREST RATE COMPARISONS**September 30, 2004**

INTEREST RATE COMPARISONS								
	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04
NCUSIF Yield	1.93%	1.99%	2.02%	2.05%	1.98%	1.97%	1.92%	2.00%
90 day T-Bill	0.94%	0.94%	0.97%	1.07%	1.28%	1.40%	1.59%	1.70%
1 year T-Bill	1.22%	1.20%	1.55%	1.77%	2.04%	2.02%	1.96%	2.20%
2 year T-Note	1.66%	1.59%	2.34%	2.55%	2.70%	2.64%	2.37%	2.64%
30 year T-Note	4.85%	4.79%	5.30%	5.37%	5.30%	5.19%	4.91%	4.92%

INTEREST RATE COMPARISONS SEPTEMBER 30, 2004

